CANADA·SASKATCHEWAN
Crop Insurance

Annual Report
1988 - 1989

Saskatchewan
Crop Insurance
Corporation

Agriculture
Canada

Saskatchewan
Crop Insurance
Corporation

Hon. Neal Hardy
Minister Responsible

Saskatchewan Crop Insurance Corporation

Annual Report

For the year ending March 31, 1989

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LETTERS OF TRANSMITTAL

Her Honour
The Honourable Sylvia O. Fedoruk
Lieutenant Governor of the Province of Saskatchewan

Dear Madam:

I have the honour to transmit herewith the Annual Report of the Saskatchewan Crop Insurance Corporation for the year ended March 31, 1989, including the financial statements therefore, duly certified by Peat Marwick in the form approved by the Treasury Board, all in accordance with the Saskatchewan Crop Insurance Act, 1984.

I have the honour to be, Madam,
Your Obedient Servant,

Neal Hardy

Neal Hardy
Minister Responsible For
Saskatchewan Crop Insurance Corporation

To the Honourable Neal Hardy
Minister Responsible
Saskatchewan Crop Insurance Corporation
Regina, Saskatchewan

Sir:

Presented herewith is the Twenty Ninth Annual Report of the Saskatchewan Crop Insurance Corporation for the fiscal year ended March 31, 1989.

Respectfully submitted,
Saskatchewan Crop Insurance Corporation

William Farley
Chairman

Earl Silcox
A/President

OVERVIEW

Program Background

The Saskatchewan Crop Insurance Corporation has administered the Canada-Saskatchewan Crop Insurance Program since 1961.

The primary objective of the Canada-Saskatchewan Crop Insurance Program is to make available to the farmers of the province a comprehensive, all-risk Crop Insurance plan. The availability of the program provides a stabilizing effect on farm income in years of heavy losses.

The Program offers protection against crop loss that is due to natural hazards. Insured producers are guaranteed a minimum production of the designated grade for each crop. Spot-loss protection is provided for losses due to hail or fire. The costs of reseeding are covered on a similar basis under the reseeding benefit. Protection is available against the inability to seed insured acreage due to excess moisture. Coverage is also available to Saskatchewan honey producers to ensure a guaranteed level of production.

The Saskatchewan Crop Insurance Corporation provided coverage to approximately 46,000 farm producers.

Objectives:

Under the Crop Insurance Act, Statutes of Saskatchewan, 1983-84, Chapter C-47.2, the Corporation is empowered to:

(a) Engage in the business of crop insurance by making available actuarially sound insurance programs to eligible producers;

(b) Administer the Crop Insurance Fund;

(c) Provide such facilities and employees as are needed to carry out the authority and responsibility of the Corporation; and,

(d) Make grants to producers suffering crop losses from damage caused by migratory waterfowl.

Financial participation Governments of Canada and Saskatchewan

The Government of Canada contributes 50 per cent of the total premium which totalled $63 million for 1988-89.

The Government of Saskatchewan contributes all of the administration costs which totalled $15 million for 1988-1989.

CORPORATE DIRECTORY

Chairman's Message

The Saskatchewan Crop Insurance Corporation experienced a record number of claims and corresponding indemnity payments in the 1988-89 crop year.

Drought that started in the southwest and west central portions of the province spread to most grain producing regions, resulting in substantial crop loss.

The corporation responded to the increased demand early in 1988 by training and placing an additional 200 field and office staff throughout the province.

In excess of 93,000 claims were registered resulting in an indemnity payment of $464 million, which far surpassed the previous record year of 1985-86 when just over 55,000 claims were registered and $370 million in indemnity was paid.

In 1988, the Saskatchewan Crop Insurance Corporation also administered the Canada-Saskatchewan Greenfeed program. This program resulted in 10,000 customers receiving cheques totalling $20 million.

This year, although difficult, underlined the importance of crop insurance to the farm producers of Saskatchewan, providing a safety net for those affected by the severe drought.

The Board of Directors of Saskatchewan Crop Insurance Corporation will continue to provide guidance and leadership as the corporation endeavors to meet the insurance needs of today's modern farmer.

Bill Farley
Chairman of the Board
Saskatchewan Crop Insurance Corporation

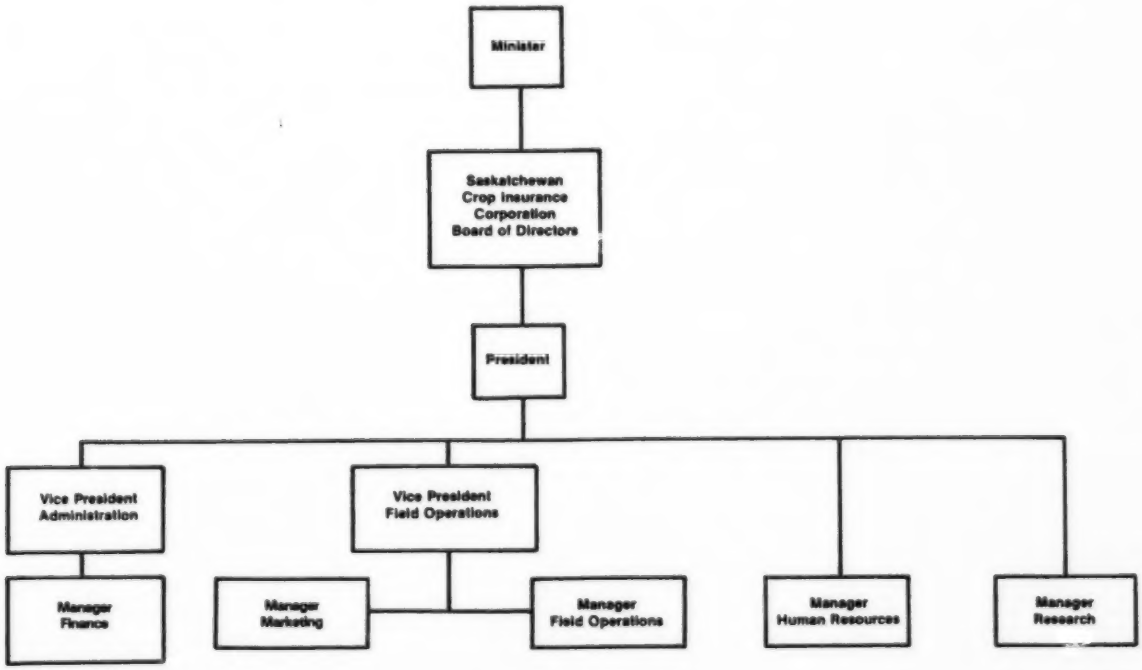
CORPORATE DIRECTORY

Corporation's Principal Officers

The principal officers of the Corporation for 1988-89 were:

Henry Zilm, President
Earl Silcox, Vice President Field Operations
Jim Walters, Vice President Administration
Ron Osika, Manager Field Operations
John Persson, Manager Human Resources
Henry Schappert, Manager Research
Harvey Rothecker, Manager Marketing
Walter Charabin, Manager Finance

Saskatchewan Crop Insurance Corporation Organization Chart



PROGRAM FEATURES

Insurable causes of loss:

Protection is provided against crop losses caused by any of nature's uncontrollable hazards including: drought, flood, frost, hail, fire, excessive rain, snow, hurricane, tornado, wind, wildlife, insect pests and plant disease.

Crops insurable:

Hard red spring wheat, durum wheat, utility wheat, winter wheat, barley, oats, fall rye, spring rye, flax, canola, tame mustard, sunflowers, field peas, lentils, fababeans, canary seed, soft white spring wheat, sweetclover, triticale and honey.

Tame perennial forages grown for fodder were also insured in the Southern part of the province under a weather-based program.

Honey Insurance:

Honey insurance was provided to approximately 30 producers in the three production regions.

Type of Insurance:

(i) Production guarantee:

Each producer is guaranteed a minimum quantity of production for each crop insured. The insured is indemnified if the yield on the insured acreage falls below this minimum.

(ii) Quality guarantee:

Production of each insured crop is guaranteed to grade at least as high as the designated grade for that crop. An insured's production is adjusted downwards if the quality is below that of the designated grade.

(iii) Hail/fire spot-loss benefit:

Spot-loss coverage is provided for hail and fire damage.

Coverage for hail or fire damage is equal to the yield-loss coverage selected for each crop. Spot-loss indemnities do not lower the production guarantee, but indemnities from both spot-loss and yield-loss cannot exceed the production guarantee.

(iv) Reseeding benefit:

The reseeding benefit is paid to producers when reseeding is required due to insurable causes, up to the final seeding date. Payments are made on a spot-loss basis, and do not affect yield-loss coverage on the reseeded crop.

(v) Unseeded acres insurance option:

This option allows the producers to insure against moisture conditions that make it impossible to seed intended acreage by the seeding deadline.

(vi) Unseeded acreage option:

This option allows the producers to insure against moisture conditions that make it impossible to seed intended acreage by the seeding deadline.

(vii) Individual coverage option:

This feature provides the insured with the option of selecting coverage based on individual rather than area yields. Coverage will be provided at the rate of 80% of the average yield for the last ten years. As data is collected for this option, the relationships established will be used to replace the area-based figures. Individual coverage selection applies to all crops except sweetclover.

(viii) Pedigreed seed option:

This option is available to members of the Canadian Seed Growers Association. It provides a higher price option for all pedigreed crops with the exception of sweetclover.

PROGRAM FEATURES

Multi Year Disaster Benefit Program

Enhanced coverage is provided to producers in areas where major crop losses have occurred in successive years under the Multi Year Disaster Benefit Program. The program is the result of a federal-provincial initiative to deal with multi-year crop disasters through the crop insurance program, rather than through the use of ad-hoc programs. The program is part of a comprehensive strategy to provide disaster relief in the Prairie Provinces in the event of successive years of widespread crop loss such as 1984 and 1985. The additional coverage is intended to provide increased compensation to offset the dramatic impact that consecutive disaster losses have on local economies.

Insured producers selecting area-based coverage will have their chosen coverage of either 60% or 70% increased by an additional 10% of average yield in areas that qualify for enhanced coverage. Qualifying areas are those that have suffered major losses in two consecutive crop years.

Coverage adjustment:

Base coverages are established according to the average yield for each risk area. The coverage adjustment feature relates coverage more closely to the actual yields on an individual farm. An insured's coverage is increased or reduced depending upon his experience with a particular crop within the Crop Insurance Program.

With favorable experience, the coverage may increase up to 125 per cent of the base coverage, while with less favorable experience, the coverage may be reduced as low as 70 per cent of the base. Adjustments are determined by the accumulated loss to premium ratio for that crop.

Experience discount:

This feature provides a reduction in premiums to producers as they accumulate no-loss years in the Program, in recognition of differences in risks between individual farmers.

Each year in the Program without a loss results in a gradual reduction in premium to a maximum discount of 50 per cent. When losses occur, the premium is adjusted upwards again, based on the amount of the loss relative to the premium paid, however, the discount can never fall below zero.

Price options:

Two price options are available for each insured crop. The individual may select either the high or low option. The price selected is used to determine the indemnity payable if a shortfall in production occurs. The price options are reviewed annually with consideration for prevailing market prices and costs of production.

Coverages and premium rates:

The province is divided into 23 risk areas so that coverage and premium rates can be established for each crop in accordance with the crop yield history and risks common to each area. Coverage for each crop is based on 60 to 70 per cent of the recent 15 year average yield for summerfallow and stubble for each risk area. Higher coverage is afforded to summerfallow than to stubble crops.

The premium rate for each risk area is based on the cropping history and yield variability within the area for the past 25 years.

A land productivity rating has been established for each quarter section based on the productive capability of the soil. The land rating establishes the coverage and premium rate assigned to each quarter section.

Irrigated crops are provided coverage at rates in accordance with the increased yields and reduced risk resulting from an assumed water supply.

Establishment benefit:

The establishment benefit is similar in principle to the reseeding benefit, but applies to fall-seeded crops which fail to establish by spring. Coverage of $15 per acre is provided.

SUMMARY 1988

General Summary

In 1988 the Saskatchewan Crop Insurance Corporation had approximately 45,700 contract holders, up approximately 1,000 from 1987.

Liability exceeded $1.1 billion in 1988 representing close to 22 million seeded acres. These figures remained unchanged from 1987.

Revenues for 1988 totalled $132.3 million compared to $130.9 million in 1987.

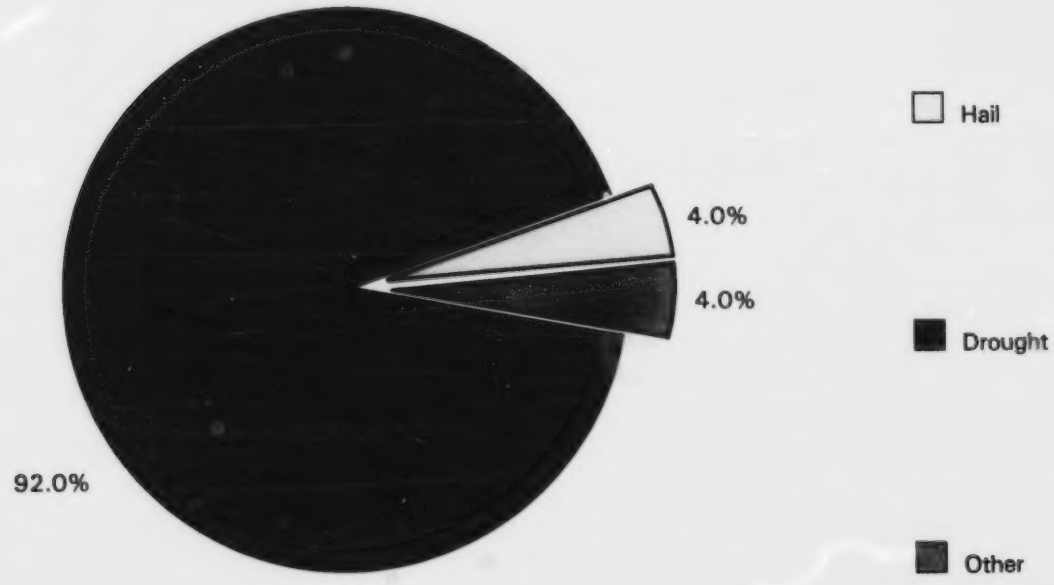
SUMMARY 1988

Summary of Coverages and Indemnities

	Crop Year 1987	1988
Contracts	46,492	45,721
Acres (M)	21.8	21.8
Liability (B)	$ 1.161	$ 1.159
Revenue (M)	$ 130.9	$ 132.3
Indemnities (M)		
Spot-loss hail	$ 25.1	$ 17.0
Yield loss	$ 60.1	$ 440.4
Reseeding benefit	$ 2.0	$ 8.2
Unseeded acres	$ 0	$ 0
Total	$ 87.2	$ 465.6
Loss Ratio	0.67	3.52

Of all indemnities paid, 92 per cent were due to drought and 4 per cent due to hail. Of the 106,992 crops insured, 74,987 received indemnities.

1988 Causes of Loss



SUMMARY 1988

Claims Summary

	Crop Year	
	1987	1988
Pre-Harvest	1,421	15,112
Post-Harvest	15,536	60,172
Reseeding Benefit	1,656	6,875
Unseeded Acres	0	0
Spot-Loss Hail	14,295	10,226
Spot-Loss Fire	7	5
	32,915	92,390

FINANCIAL STATEMENTS AND AUDITORS' REPORTS

Saskatchewan Crop Insurance Corporation
Financial statements
for the year ended March 31, 1989

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KPMG Peat Marwick

Chartered Accountants

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the balance sheet of the Saskatchewan Crop Insurance Corporation as at March 31, 1989 and the statements of operations and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles disclosed in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Peat Marwick

Chartered Accountants

Regina, Canada

May 19, 1989

Member Firm of
Klynveld Peat Marwick Goerdeler

SASKATCHEWAN CROP INSURANCE CORPORATION

Balance Sheet

March 31, 1989 with comparative figures for 1988

		1989	1988
Assets			
Cash	$	–	152,087
Inventory		138,308	69,780
Prepaid expenses		17,757	43,951
Investments		49,078,987	49,886,309
Accounts receivable (note 3)		3,591,958	3,979,883
Premiums receivable (less allowance for doubtful accounts - $3,345,554; 1988 - $2,974,204)		1,214,801	2,716,740
Due from Crop Reinsurance Fund of Saskatchewan		128,760,939	35,544,333
Due from Crop Reinsurance Fund of Canada for Saskatchewan		249,816,997	–
Fixed assets - office and field equipment - at cost		663,821	422,886
	$	433,283,568	92,815,969
Liabilities and Equity			
Liabilities:			
Outstanding cheques less cash in bank	$	1,771,823	–
Accounts payable and accrued liabilities		1,480,025	984,776
Indemnities payable		1,504,524	1,709,949
Due to Minister of Finance (note 5)		426,782,005	79,235,331
Due to Crop Reinsurance Fund of Canada for Saskatchewan		–	1,159,325
		431,538,377	83,089,381
Equity:			
Equity in fixed assets		663,821	422,886
Retained earnings (note 4)		1,081,370	9,303,702
	$	433,283,568	92,815,969

See accompanying notes to financial statements.

SASKATCHEWAN CROP INSURANCE CORPORATION

Statement of Operations and Retained Earnings

Year ended March 31, 1989 with comparative figures for 1988

		1989	1988
Revenue:			
Gross premiums (less experience discounts - $6,418,810; 1988 - $5,315,140)	$	63,265,513	61,969,782
Government of Canada contributions		64,575,110	64,143,405
		127,840,623	126,113,187
Less premiums ceded:			
Crop Reinsurance Fund of Canada for Saskatchewan		19,372,533	19,243,021
Crop Reinsurance Fund of Saskatchewan		19,372,533	19,243,021
		38,745,066	38,486,042
Net premiums		89,095,557	87,627,145
Interest on investments		3,470,454	3,778,633
Interest on overdue accounts		960,976	977,408
Reinsurance revenue:			
Crop Reinsurance Fund of Canada for Saskatchewan		250,835,217	–
Crop Reinsurance Fund of Saskatchewan		112,589,139	–
		456,951,343	92,383,186
Expenditures:			
Indemnities		465,603,032	87,240,750
Doubtful accounts		453,719	459,074
		466,056,751	87,699,824
Excess (deficiency) of insurance operation revenue over expenditures		(9,105,408)	4,683,362
Excess (deficiency) of general administration revenue over expenditures (Schedule 1)		883,076	(1,104,760)
Excess (deficiency) of revenue over expenditures for the year		(8,222,332)	3,578,602
Retained earnings, beginning of year		9,303,702	5,725,100
Retained earnings, end of year	$	1,081,370	9,303,702

See accompanying notes to financial statements.

SASKATCHEWAN CROP INSURANCE CORPORATION

Statement of Changes in Financial Position

Year ended March 31, 1989 with comparative figures for 1988

		1989	1988
Cash provided by operations:			
Excess (deficiency) of revenue over expenditures	$	(8,222,332)	3,578,602
Net changes in non-cash items relating to operations:			
Decrease (increase) in inventory		(68,528)	15,450
Decrease (increase) in prepaid expenses		26,194	(33,752)
Decrease in accounts receivable		387,925	2,876,839
Decrease in premiums receivable		1,501,939	3,536,258
Decrease (increase) in due from Crop Reinsurance Fund of Saskatchewan		(93,216,606)	19,243,021
Increase in accounts payable		495,249	208,235
Decrease in indemnities payable		(205,425)	(4,325,217)
Increase in due to Minister of Finance		347,546,674	–
Decrease in due to Crop Reinsurance Fund of Canada for Saskatchewan		(250,976,322)	(860,022)
Increase (decrease) in cash and investments		(2,731,232)	24,239,414
Cash and investments, beginning of year		50,038,396	25,798,982
Cash and investments, end of year	$	47,307,164	50,038,396
Represented by:			
Cash (outstanding cheques less cash in bank)	$	(1,771,823)	152,087
Investments		49,078,987	49,886,309
	$	47,307,164	50,038,396

See accompanying notes to financial statements.

SASKATCHEWAN CROP INSURANCE CORPORATION

Notes to Financial Statements

March 31, 1989

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1. Status of corporation:

The Saskatchewan Crop Insurance Corporation was established by Order-in-Council 544/74 and continues under The Crop Insurance Act.

The Saskatchewan Crop Insurance Fund was established pursuant to The Saskatchewan Crop Insurance Act, 1960 and continues under the provisions of The Crop Insurance Act (Saskatchewan).

The Crop Insurance Act was assented to June 1, 1984 and consequently the Saskatchewan Crop Insurance Act was repealed on July 1, 1984 upon proclamation of The Crop Insurance Act. All the property, rights and obligations, and any legal proceedings or actions of the Saskatchewan Crop Insurance Board which were previously recorded in the accounts of the Board or commenced by the Board were transferred to the Saskatchewan Crop Insurance Corporation. As a result of the new Act the activities of the Saskatchewan Crop Insurance Fund (previously administered by Saskatchewan Crop Insurance Board) are combined with those of the Corporation.

2. Significant accounting policies:

Revenue:

General administration revenue of the Corporation includes sums appropriated by the Legislature.

Fixed assets:

The Corporation utilizes a fund accounting basis wherein fixed asset purchases appear in the statement of revenue and expenditures as an expense. To maintain accountability for fixed assets, it is necessary to record them as a balance sheet asset with a corresponding entry to "Equity in fixed assets". As asset purchases and disposals appear in the statement of revenue and expenditures, no provision is made for depreciation on fixed assets.

Inventory:

Inventory represents office supplies on hand at the end of the year which are valued at cost. The Corporation has adopted the first in , first out method of cost determination for valuation purposes.

2. Significant accounting policies (continued):

Investments:

Short-term investments are recorded at cost which approximates market value.

Indemnities payable:

The provision for indemnities payable includes the cost of indemnities reported and processed but not paid and an estimate, based on the average loss for crops suffering the same type of damage, for those indemnities that had been reported but not processed at year-end. The amount of the estimate is $399,947 (1988 - $228,903).

Cost sharing:

A. Contributions:

In accordance with the Crop Insurance Agreement between the Government of Canada and the Province of Saskatchewan, the Government of Canada has agreed to reimburse the Province for the contributions it has made to the Saskatchewan Crop Insurance Fund in accordance with the terms of The Crop Insurance Act (Canada). The reimbursements received from Canada are deposited in the Consolidated Fund.

Section 11(4) of The Crop Insurance Act (Saskatchewan) provides that the Minister of Finance of the Province of Saskatchewan may pay out of the Consolidated Fund into the Saskatchewan Crop Insurance Fund in each fiscal year contributions not exceeding the total of the amounts that insured persons have paid as premiums in respect of contracts of insurance in that fiscal year. Premiums paid for the purposes of this calculation are net of discounts and exclude interest, surcharges and penalties.

For financial statement purposes, contributions from the Consolidated Fund are described as contributions from the Government of Canada and amounts due on the final claim as accounts receivable from the Government of Canada.

2. Significant accounting policies (continued):

B. Reinsurance Funds:

The Crop Insurance Agreement between the Governments of Saskatchewan and Canada provides for two reinsurance funds.

(i) The Crop Reinsurance Fund of Saskatchewan - to be administered by the Government of Saskatchewan, and

(ii) The Crop Reinsurance Fund of Canada for Saskatchewan - to be administered by the Government of Canada.

Under the terms of the agreement the Saskatchewan Crop Insurance Corporation is required to pay premiums ceded into the reinsurance funds based on premiums received during that insurance year including the matching contributions made by the Province.

Per the agreement, payments may be made out of the Reinsurance Funds if indemnities required to be paid in an insurance year exceed the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded

b) the balance in the Saskatchewan Crop Insurance Corporation - Insurance operation

c) 2 1/2% of the total liability under policies of insurance in force in the insurance year which would have to be paid by the Crop Reinsurance Fund of Saskatchewan or by the Province of Saskatchewan.

The balance of indemnities to be paid would be shared 75% by Canada and 25% by Saskatchewan out of the respective Reinsurance Funds.

3. Accounts receivable:

The accounts receivable of the Corporation at the end of the year include the following:

		1989	1988
General administration	$	197,894	115,466
Due from Minister of Finance under Federal Provincial Crop Insurance Agreement		3,394,064	3,864,417
	$	3,591,958	3,979,883

4. Retained earnings:

The retained earnings at the end of the year included the following:

		1989	1988
Insurance operation	$	–	9,105,408
General administration		1,081,370	198,294
	$	1,081,370	9,303,702

5. Related party transactions:

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the Corporation is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms, except for the amounts due to Minister of Finance. These amounts are non-interest bearing.

SASKATCHEWAN CROP INSURANCE CORPORATION

Schedule 1 - Schedule of General Administration Revenue and Expenditures

Year ended March 31, 1989 with comparative figures for 1988

		1989	1988
Revenue:			
Province of Saskatchewan appropriation	$	14,069,400	8,373,700
Canada-Saskatchewan Greenfeed Program		1,573,000	–
Interest on investments		311,203	115,289
Adjusting waterfowl, wildlife and lure crops		203,490	178,932
Miscellaneous		7,929	4,616
		16,165,022	8,672,537
Expenditures:			
Adjusting hail claims		–	525,375
Advertising		190,083	124,112
Board members - honorarium and travel		61,144	54,234
Computer and analyst services		506,435	465,407
Employee benefits		802,641	478,845
Equipment rental		67,667	27,162
Freight and messenger services		30,244	23,317
Inspection fees		108,547	43,406
Legal and professional fees		143,254	123,012
Office rental		620,160	592,268
Office supplies		255,998	159,456
Postage		294,337	294,040
Printing and duplicating		209,372	175,839
Repairs and other services		88,390	118,340
Salaries		9,000,468	5,050,566
Telephone		263,742	206,222
Travel and sustenance		2,378,529	1,260,738
		15,041,011	9,722,339
Excess (deficiency) of revenue over expenditures before equipment purchases		1,124,011	(1,049,802)
Fixed asset purchases		(240,935)	(54,958)
Excess (deficiency) of revenue over expenditures for the year	$	883,076	(1,104,760)

See accompanying notes to financial statements.

KPMG Peat Marwick

Chartered Accountants

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1230 Blackfoot Drive
Regina, Saskatchewan S4S 7G4

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the balance sheet of the Crop Reinsurance Fund of Saskatchewan as at March 31, 1989 and the statement of revenue, expenditure and fund deficiency for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1989 and the results of its operations for the year then ended in accordance with accounting principles disclosed in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Peat Marwick

Chartered Accountants

Regina, Canada

May 19, 1989

Member Firm of
Klynveld Peat Marwick Goerdeler

CROP REINSURANCE FUND OF SASKATCHEWAN

Balance Sheet

March 31, 1989 with comparative figures for 1988

	1989	1988
Liability and Fund Deficiency		
Liability:		
Due to Saskatchewan Crop Insurance Corporation (Note 3)	$ 128,760,939	35,544,333
Fund deficiency	(128,760,939)	(35,544,333)
	$ –	–

See accompanying notes to financial statements.

CROP REINSURANCE FUND OF SASKATCHEWAN

Statement of Revenue, Expenditure and Fund Deficiency

Year ended March 31, 1989 with comparative figures for 1988

		1989	1988
Revenue:			
Premium ceded from Saskatchewan Crop Insurance Corporation	$	19,372,533	19,243,021
Expenditure:			
Reinsurance paid to Saskatchewan Crop Insurance Corporation		112,589,139	–
Excess (deficiency) of revenue over expenditure for the year		(93,216,606)	19,243,021
Fund deficiency, beginning of year		(35,544,333)	(54,787,354)
Fund deficiency, end of year	$	(128,760,939)	(35,544,333)

See accompanying notes to financial statements.

CROP REINSURANCE FUND OF SASKATCHEWAN

Notes to Financial Statements

March 31, 1989

1. Status of the fund:

The Crop Insurance Agreement between the Governments of Saskatchewan and Canada provides for the establishment of two reinsurance funds:

i) The Crop Reinsurance Fund of Saskatchewan - which is administered by the Government of Saskatchewan, and

ii) The Crop Reinsurance Fund of Canada for Saskatchewan - which is administered by the Government of Canada.

2. Significant accounting policies:

Premiums ceded from Saskatchewan Crop Insurance Corporation

Under the terms of the agreement indicated in Note 1, the Saskatchewan Crop Insurance Corporation is required to pay premiums ceded into the Reinsurance Funds based on premiums received during the insurance year.

Liability for claim payments from the Reinsurance Funds

As provided for in the agreement indicated in note 1, payments may be made out of the Reinsurance Funds if indemnities required to be paid in an insurance year exceed the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded.

b) the reserve fund balance of the Saskatchewan Crop Insurance Corporation - Insurance operation.

c) 2 1/2% of the total liability under policies of insurance in force in the insurance year which would have to be paid by the Crop Reinsurance Fund of Saskatchewan or by the Province of Saskatchewan.

The balance of indemnities to be paid would be shared 75% by Canada and 25% by Saskatchewan out of the respective Reinsurance Funds.

3. Due to Saskatchewan Crop Insurance Corporation:

The balance due to Saskatchewan Crop Insurance Corporation represents:

a) the difference between the estimated premium ceded during the year and the actual calculated for the year based on the gross premium collected; and

b) the difference between the estimated claim submitted by the Corporation based on the estimated indemnities payable and the actual reinsurance claims calculated at the year end.

The Province of Saskatchewan, pursuant to the agreement described in Note 1, has agreed to make interest free advances to the Crop Reinsurance Fund of Saskatchewan so that the Reinsurance Fund can meet its obligations to the Saskatchewan Crop Insurance Corporation.

4. Balance in the Crop Reinsurance Fund of Canada for Saskatchewan:

The balance in the Crop Reinsurance Fund of Canada for Saskatchewan as at March 31, 1989, accounted for on a cash basis, was a deficit of $81,797,667 (1988 - $101,311,305).

ANALYSIS OF INSURANCE

Canada-Saskatchewan Crop Insurance Program
Comparative Statistics*
Coverage and premium

	Insurance Coverage	Average Coverage	Insureds' Net Premium	Average Premium	Average Rate (%)
1961-62	306,500	1,580	23,925	123	7.8
1962-63	2,319,000	1,734	171,284	128	7.4
1963-64	3,683,000	1,648	275,645	123	7.5
1964-65	4,088,000	1,735	278,926	118	6.8
1965-66	4,566,000	1,440	290,708	92	6.4
1966-67	12,125,000	1,734	743,154	106	6.1
1967-68	15,910,000	1,938	941,146	115	5.9
1968-69	27,165,000	2,201	1,719,898	139	6.3
1969-70	21,194,000	1,821	1,320,748	113	6.2
1970-71	9,039,200	995	567,835	63	6.3
1971-72	14,625,000	1,854	782,908	99	5.4
1972-73	29,840,005	2,519	1,821,463	154	6.1
1973-74	140,436,128	5,874	6,780,470	284	4.8
1974-75	288,263,532	9,177	14,536,220	463	5.0
1975-76	405,089,832	10,604	19,821,549	506	4.9
1976-77	542,207,973	13,852	25,986,032	664	4.8
1977-78	704,688,894	14,944	34,761,664	736	4.9
1978-79	708,193,202	16,457	33,258,275	773	4.7
1979-80	721,821,633	17,976	33,068,306	824	4.6
1980-81	935,838,614	21,840	41,457,643	968	4.4
1981-82	1,162,172,942	25,123	53,612,350	1,159	4.6
1982-83	1,233,908,814	27,748	56,458,215	1,270	4.6
1983-84	1,254,906,517	29,184	56,017,456	1,303	4.5
1984-85	1,345,493,742	30,971	62,690,884	1,443	4.7
1985-86	1,588,492,595	33,234	76,052,344	1,622	4.9
1986-87**	1,778,772,508	36,337	88,008,642	1,798	4.9
1987-88	1,161,135,578	24,975	61,969,782	1,333	5.3
1988-89	1,159,096,010	25,352	63,265,513	1,384	5.5

*Does not include data for the Forage and Honey Programs.

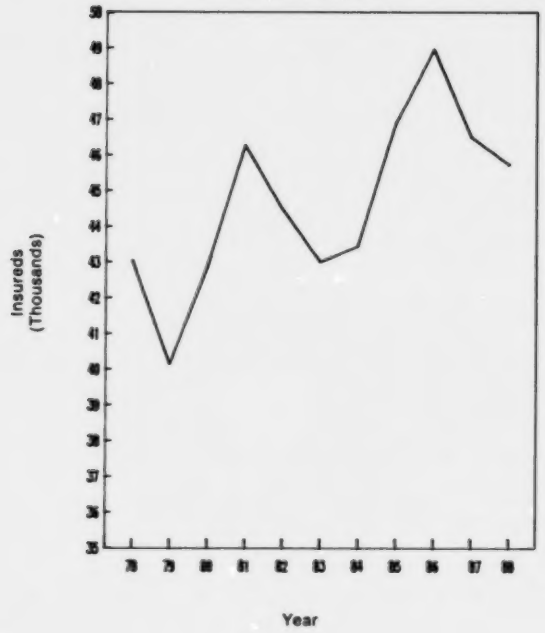
**Includes coverage under Multi-Year Disaster Benefit Program.

Contracts and liability by risk area

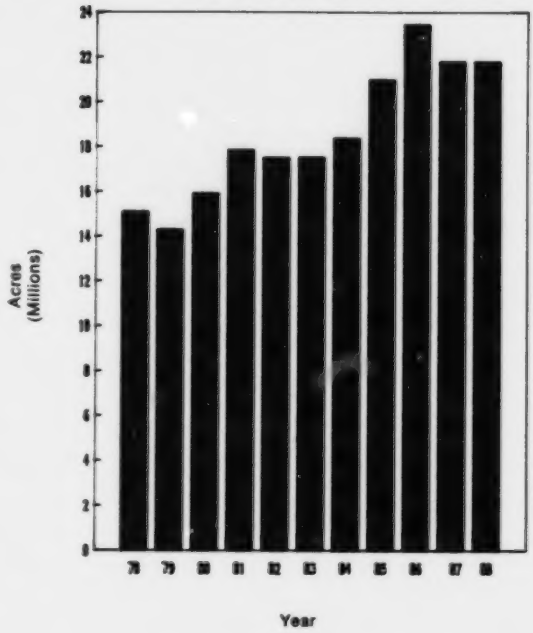
Risk Area	Total Contracts 1987	Total Contracts 1988	Total Liability 1987	Total Liability 1988
1	1,076	1,105	31,321,417.72	32,978,280.13
2	1,456	1,449	32,478,948.85	32,819,918.66
3	2,389	2,334	51,388,008.67	49,240,222.48
4	1,101	1,058	29,076,111.76	27,424,737.90
5	1,329	1,312	30,734,088.88	30,975,356.80
6	3,131	3,081	71,627,717.95	69,324,748.42
7	1,948	1,923	43,854,820.48	43,723,375.29
8	2,879	2,837	75,774,259.06	75,049,149.72
9	1,324	1,305	28,827,051.67	27,658,586.59
10	2,601	2,527	59,549,180.87	53,457,080.10
11	2,988	2,917	60,461,641.18	59,831,979.14
12	1,670	1,624	42,870,413.75	41,292,266.48
13	531	529	16,476,740.57	15,935,606.70
14	3,186	3,056	59,610,398.23	60,579,018.88
15	3,246	3,246	85,803,767.02	90,776,397.66
16	4,889	4,792	148,656,905.85	140,204,477.02
17	3,570	3,457	90,423,907.81	91,648,295.14
18	1,525	1,543	43,318,921.75	43,858,845.20
19	584	573	18,412,214.90	19,782,434.35
20	1,424	1,437	50,595,693.71	54,236,429.66
21	1,740	1,726	44,145,666.79	47,569,625.64
22	1,052	1,054	26,401,747.20	28,974,964.35
23	853	836	19,325,953.45	21,754,214.17
	46,492	45,721	1,161,135,578.12	1,159,096,010.48

ANALYSIS OF INSURANCE

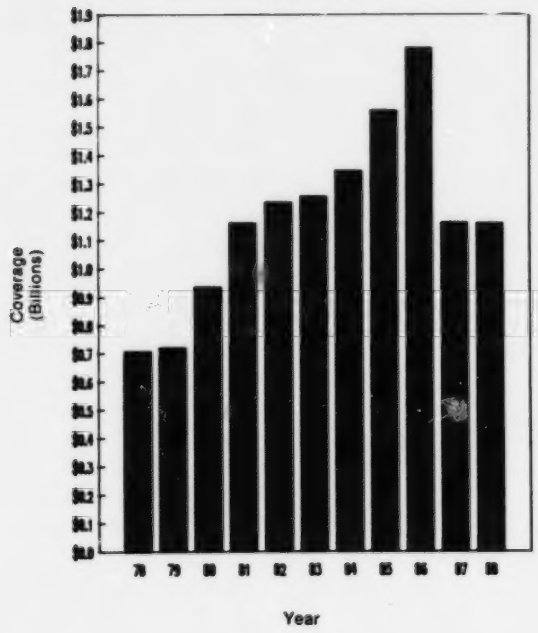
Number of Insureds
1978-1988



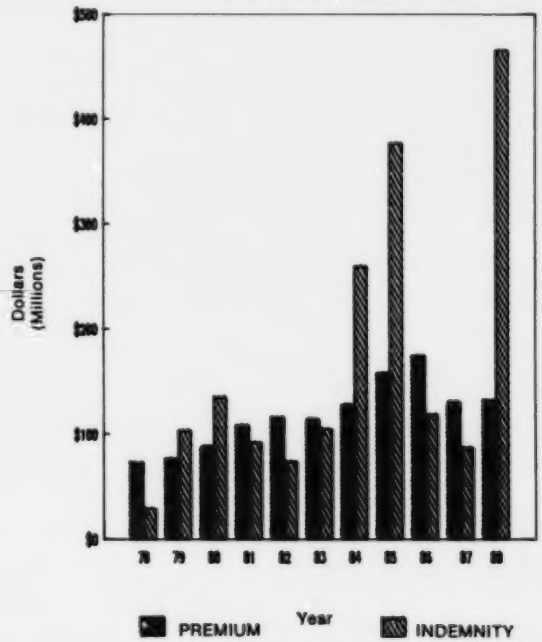
Total Insured Acreage
1978-1988



Liability (Billion $)
1978-1988

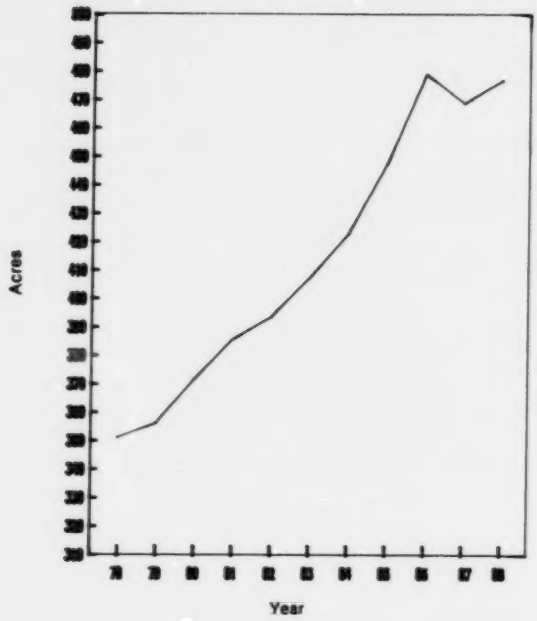


Total Premium and Indemnity
(1978-1988)

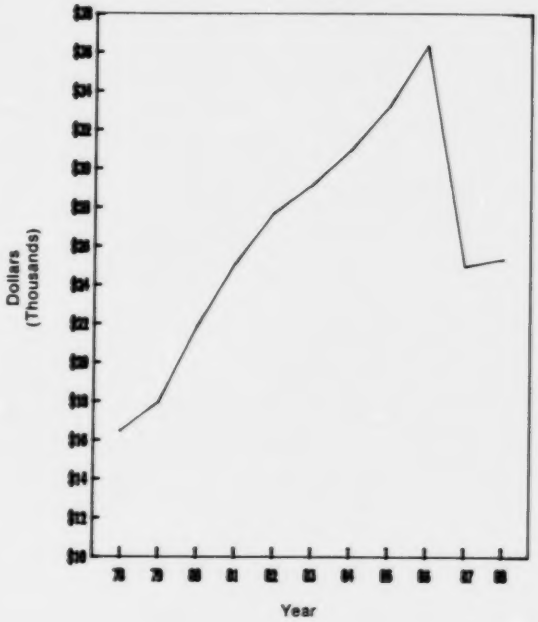


ANALYSIS OF INSURANCE

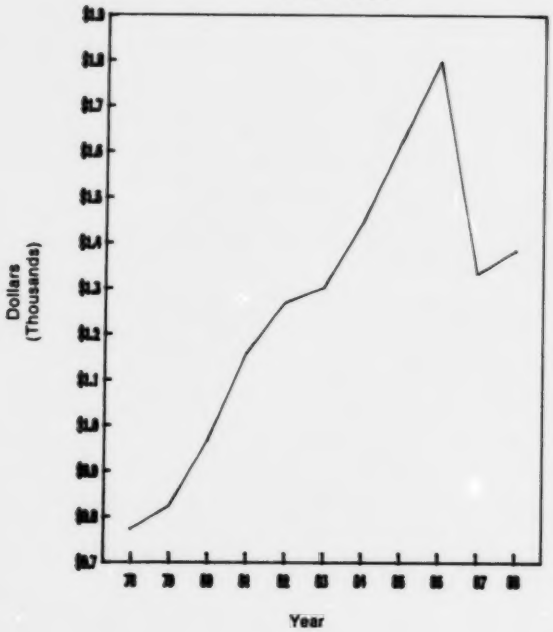
Average Acres Per Contract
1978-1988



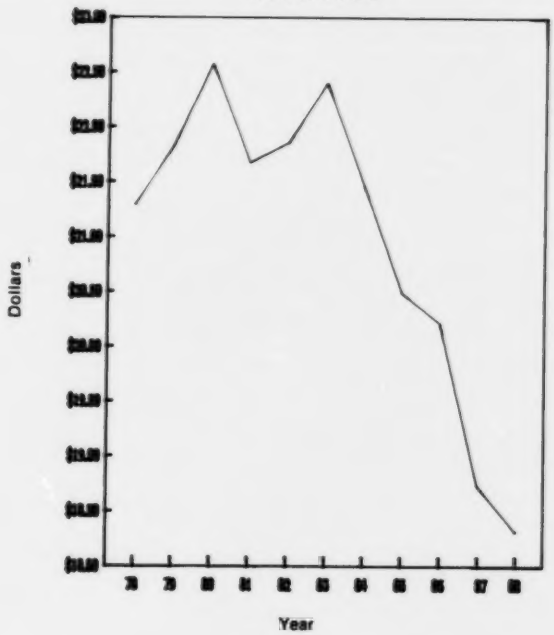
Average Dollar Coverage Per Contract
1978-1988



Average Premium Per Contract
1978-1988



Coverage Purchased Per Premium Dollar
1978-1988



Summary of experience

Year	No. of Insured	Revenue*		Indemnities Paid		Loss to Revenue Ratio	
		Total	Govt. of Can.	Number	Amount	by Year	Accumulated
1961-62	194	$ 31,586	$ 6,275	169	$ 129,669	4.11	4.11
1962-63	1,337	224,611	43,161	147	61,651	0.27	0.75
1963-64	2,235	372,180	69,657	38	9,285	0.02	0.32
1964-65	2,357	370,342	69,144	240	137,926	0.37	0.34
1965-66	3,172	402,388	74,021	301	123,304	0.31	0.33
1966-67	6,989	1,010,907	184,907	161	107,978	0.11	0.24
1967-68	8,211	1,377,099	313,499	887	497,118	0.36	0.28
1968-69	12,343	2,476,308	559,921	1,683	1,607,853	0.65	0.43
1969-70	11,637	2,007,405	427,616	553	385,787	0.19	0.37
1970-71	9,083	1,050,640	195,667	213	104,338	0.10	0.34
1971-72	7,890	1,349,366	259,933	206	142,930	0.11	0.31
1972-73	11,844	2,773,108	597,050	1,654	1,262,763	0.46	0.34
1973-74	23,909	14,341,387	6,688,320	8,484	7,730,305	0.54	0.44
1974-75	31,411	30,597,743	14,158,291	23,505	32,898,379	1.08	0.77
1975-76	38,209	40,960,627	19,985,427	24,444	28,392,087	0.69	0.74
1976-77	39,143	53,785,749	26,160,037	15,092	22,401,840	0.42	0.63
1977-78	47,156	72,441,650	34,446,565	21,915	36,862,943	0.51	0.59
1978-79	43,032	72,720,436	33,553,882	17,389	29,419,884	0.41	0.54
1979-80	40,154	76,378,011	34,426,225	39,050	103,835,041	1.34	0.71
1980-81	42,850	88,489,170	42,202,922	35,907	135,708,452	1.53	0.87
1981-82	46,259	108,487,827	52,871,324	29,167	92,280,986	0.85	0.86
1982-83	44,469	115,954,971	56,364,777	23,967	74,157,729	0.64	0.83
1983-84	43,000	114,633,673	55,620,789	26,804	105,243,197	0.92	0.84
1984-85	43,443	128,028,555	63,356,964	51,853	259,864,151	2.03	1.00
1985-86	46,894	158,212,616	77,211,976	57,693	377,180,151	2.33	1.20
1986-87	48,952	174,309,078	82,680,545	29,161	119,054,329	0.68	1.13
1987-88	46,492	130,869,228	64,143,405	25,547	87,240,750	0.67	1.09
1988-89	45,721	132,272,053	64,575,110	74,987	465,603,032	3.52	1.30

* Revenue includes premiums from farmers, premium contributions by Government of Canada, interest on bank balances, investments and notes receivable.

Acres insured

	Durum	Wheat	Spring	Barley	Oats	Flax	Canola	Fall Rye	Sun Flowers	Utility Wheat	Mustard	Field Peas	Forage	Lentils	Canary Seed	Spring Rye	Fabe-Beans	Winter Wheat	Soft White Spring Wheat	Sweet Clover	Trtd-Cale	Total	Aver-Age
1961-62 —		28,600		1,740	3,160																	31,700	160
1962-63 —		180,000		18,400	27,800																	226,000	169
1963-64 —		304,600		29,200	38,000																	371,800	166
1964-65 —		414,700		25,800	23,000																	463,500	197
1965-66 —		512,200		37,100	21,200																	570,500	180
1966-67 —		1,182,600		143,000	20,600																	1,346,200	193
1967-68 —		1,593,000		190,000	23,000																	1,806,000	220
1968-69 —		2,742,000		214,000	35,000																	2,991,000	242
1969-70 —		2,145,000		216,000	37,000																	2,398,500	206
1970-71 —	137,400		579,500	262,500	24,400																	1,003,800	111
1971-72 —	149,000		1,040,200	250,600	24,800																	1,464,500	186
1972-73 —	386,088		1,613,505	362,166	40,855	41,267	146,301															2,588,182	218
1973-74 —	715,544		4,731,716	1,008,656	234,891	153,252	388,380	2,177	1,050													7,235,666	303
1974-75 —	1,360,053		5,615,440	1,507,827	430,933	218,854	545,896	14,054	190	42,295	68,880											9,804,422	312
1975-76 —	2,072,676		6,673,045	1,519,288	559,950	227,902	881,834	29,722	829	67,105	33,871											12,066,222	316
1976-77 —	1,870,193		8,452,752	1,389,155	549,122	90,225	328,818	49,101	570	60,345	17,950	3,287										12,811,518	327
1977-78 —	1,216,880		10,367,504	2,246,807	746,651	365,647	774,775	47,929	2,291	264,967	73,457	9,919										16,116,827	342
1978-79 —	2,266,101		8,692,868	1,631,337	476,210	221,894	1,415,738	83,014	2,004	226,913	73,363	9,814	9,243									15,108,499	351
1979-80 —	1,721,750		8,706,489	1,270,343	361,241	386,897	1,616,044	76,076	4,128	58,068	44,418	12,789	8,223	13,941	24,075	4,858						14,309,340	356
1980-81 —	2,147,814		9,783,115	1,795,748	480,810	247,139	1,085,158	89,389	10,632	44,046	110,742	17,569	10,764	43,400	50,881	13,493						15,930,700	371
1981-82 —	2,749,049		11,097,416	2,180,806	546,035	210,676	686,360	138,233	4,791	37,515	75,290	15,942	13,793	44,848	39,962	18,022	152					17,849,890	386
1982-83 —	2,237,746		11,260,517	2,049,734	461,074	275,290	757,199	147,036	3,601	34,773	49,725	26,530	38,730	63,902	89,761	25,008	370					17,510,996	390
1983-84 —	2,087,304		11,854,822	1,614,460	326,370	123,665	1,112,926	135,117	1,306	25,787	93,580	21,594	14,825	56,294	47,883	8,072	1,177					17,525,182	408
1984-85 —	2,561,121		10,931,701	1,823,475	376,268	372,201	1,770,049	105,569	5,695	58,823	164,691	28,907	23,615	76,035	67,907	9,133	2,010					18,377,400	423
1985-86 —	2,899,744		11,853,170	2,218,712	469,229	430,229	1,803,123	118,634	6,103	167,936	222,031	43,798	99,934	110,489	84,892	23,484	1,017	416,257	9,329			20,991,245	450
1986-87 —	3,172,596		13,298,153	2,394,632	468,090	501,806	1,665,883	187,634	6,493	156,036	271,288	102,565	202,039	218,964	131,153	29,369	2,599	602,306	11,301	29,649	2,887	23,455,443	479
1987-88 —	3,710,793		11,674,712	2,497,283	456,691	351,599	1,627,739	164,669	11,334	59,578	117,443	206,548	99,218	333,353	158,996	15,219	4,387	264,277	4,468	46,785	2,079	21,807,171	469
1988-89 —	3,880,322		10,840,175	2,090,117	628,814	312,559	2,586,023	138,679	10,529	58,419	247,822	235,656	204,744	185,885	183,337	20,727	12,370	130,624	2,262	39,966	1,711	21,810,741	477

Extended coverage on unseeded acres

1975-76 — 673,676	1977-78 — 74,011	1979-80 — 149,288	1981-82 — 17,553	1983-84 — 35,554	1985-86 — 92,306
1976-77 — 338,826	1978-79 — 66,645	1980-81 — 55,735	1982-83 — 23,335	1984-85 — 12,634	1986-87 — 43,521
					1987-88 — 4,808
					1988-89 — 510

1988-89 Irrigation Summary

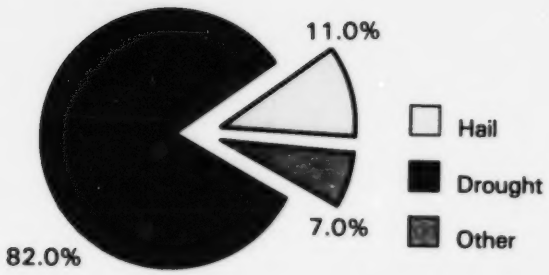
Number of Acres

	Spring Wheat	Durum Wheat	Utility Wheat	Barley	Oats	Flax	Canola	Mustard	Lentils	Canary Seed	Fabe-Beans	Field Peas	Winter Wheat	Soft White Spring Wheat	Prov. Total
1981-82 —	7,122	2,574	–	3,741	367	569	545	130	245	–	–				15,293
1982-83 —	10,796	1,178	67	3,765	226	798	912	153	290	630	–				18,815
1983-84 —	14,075	1,721	–	2,522	102	231	2,651	160	–	7	57				21,526
1984-85 —	7,457	2,519	1,099	3,325	307	1,348	5,328	724	322	27	71				22,527
1985-86 —	10,358	1,898	3,947	4,832	730	3,168	6,327	2,102	1,117	105	346	160	563	9,229	44,882
1986-87 —	10,180	2,206	2,944	7,380	1,113	3,524	6,880	1,041	4,028	379	812	968	79	10,377	51,911
1987-88 —	12,158	4,839	350	5,339	600	3,147	5,026	145	2,630	913	409	1,908	0	4,348	41,812
1988-89 —	9,917	5,413	536	6,906	1,703	2,381	9,406	330	708	681	530	1,754	260	2,262	42,787

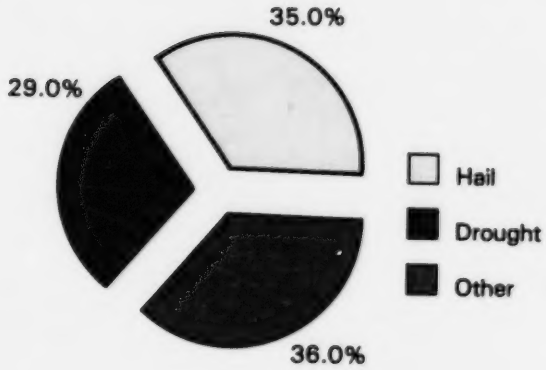
ANALYSIS OF INSURANCE

Causes of Loss

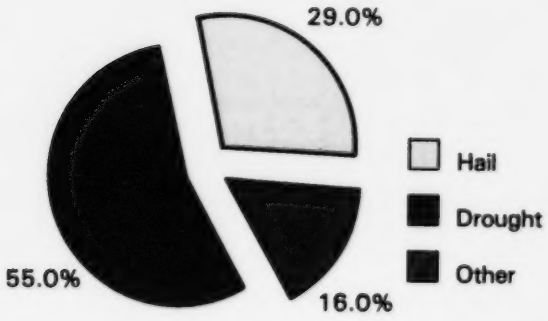
1985 Causes of Loss



1986 Causes of Loss



1987 Causes of Loss



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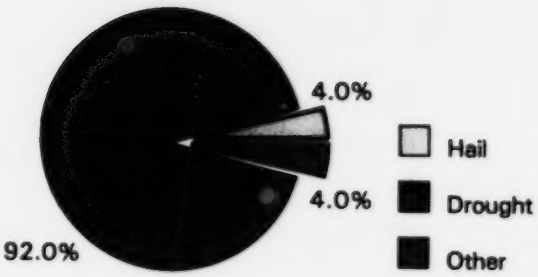
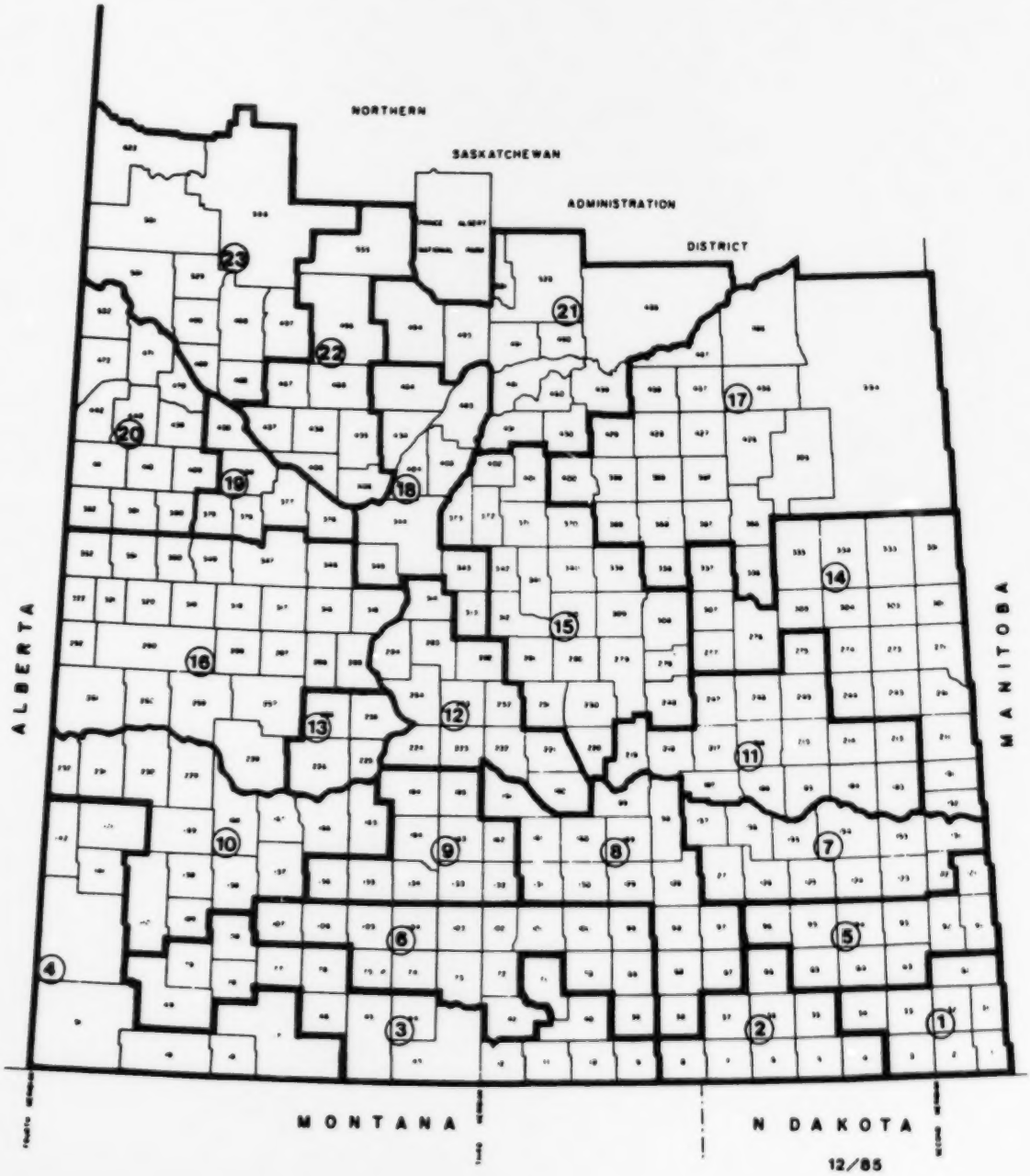


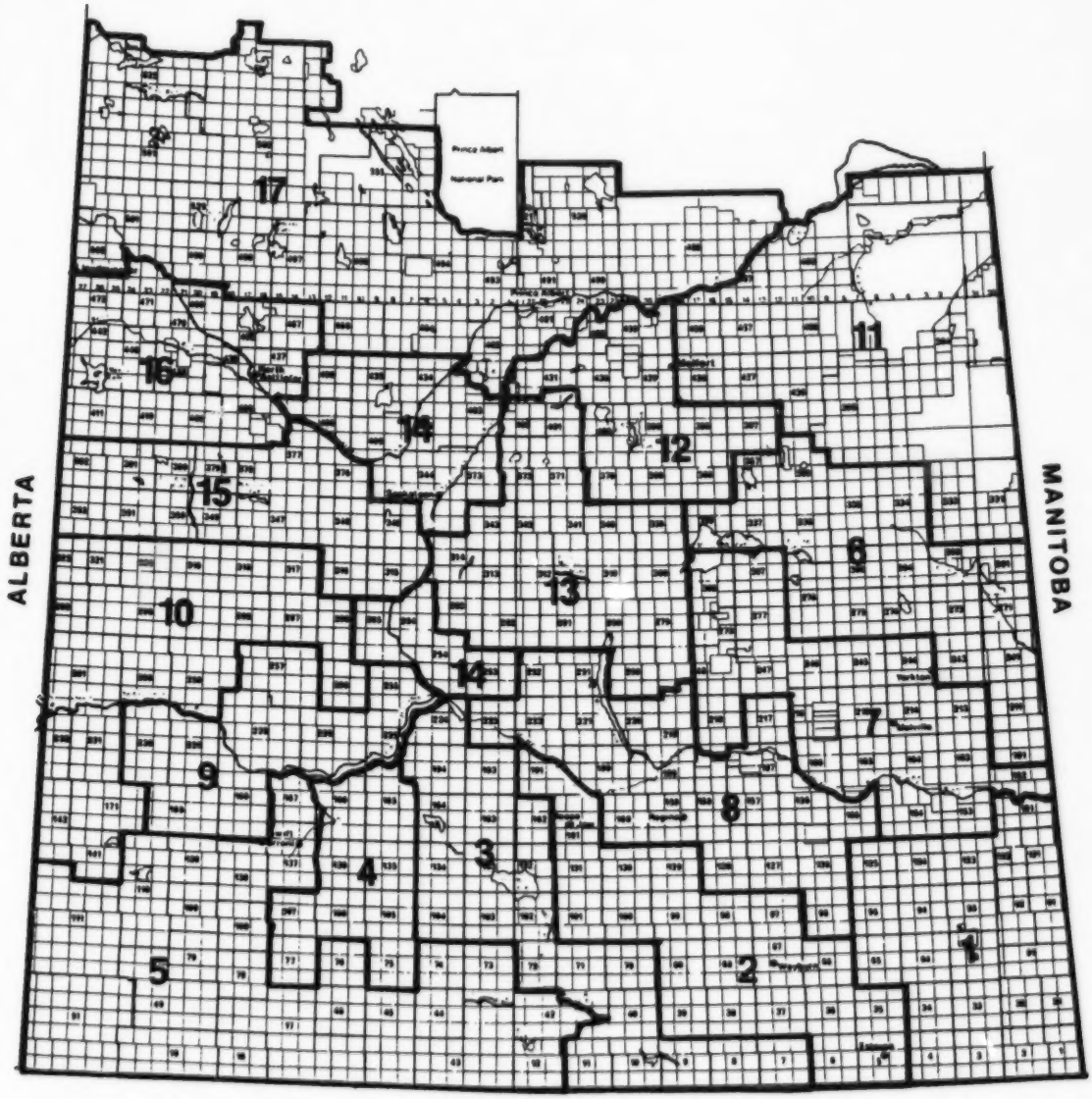
APPENDIX A

Risk Areas



APPENDIX B

Forage Areas



APPENDIX C

Customer Service Office Districts

A01 — BALGONIE
A02 — ESTEVAN
A04 — WEYBURN
A05 — CARNDUFF
A06 — MOOSOMIN
A07 — WOLSELEY

B01 — SWIFT CURRENT
B02 — ASSINIBOIA
B03 — GRAVELBOURG
B04 — SHAUNAVON
B05 — LEADER
B06 — MOOSE JAW

C01 — YORKTON
C02 — CANORA
C03 — PRECECVILLE
C04 — RAYMORE
C05 — WYNYARD
C12 — MELVILLE

D01 — ROSETOWN
D02 — DAVIDSON
D03 — KINDERSLEY
D05 — KYLE
D06 — OUTLOOK
D07 — SASKATOON

E01 — TISDALE
E02 — HUMBOLDT
E03 — MELFORT
E04 — CARROT RIVER

F01 — NORTH BATTLEFORD
F02 — TURTLEFORD
F03 — WILKIE
F04 — PRINCE ALBERT